

JOURNAL

A MONTHLY PUBLICATION OF THE BONNEVILLE POWER ADMINISTRATION

August 2004

Web site: www.bpa.gov/corporate/pubs/Journal

Sounding board completes work

In November 2003, BPA convened a group of customers and other stakeholders to consult with BPA on its plans to reduce costs and enhance revenues by \$100 million for fiscal years 2004 and 2005. The goal was to help BPA bring down power rates in the economically struggling Pacific Northwest. This group was called the Power Net Revenue Improvement Sounding Board. It met 10 times between November 2003 and June 2004.

In consultation with the board, BPA exceeded its target and identified \$111 million in cost reductions and revenue enhancements for fiscal years 2004 and 2005. Administrator Steve Wright called the board "one of the most successful public involvement processes we've had." He noted the group's diversity, the give and take of the discussions, and the interactions between the board and staff from BPA and its generating partners — the U.S. Army Corps of Engineers, the Bureau of Reclamation and Energy Northwest. BPA will include these savings in calculations that will determine the Financial-Based and Safety Net Cost Recovery Adjustment Clause rate adjustments that will take effect Oct. 1.

The Regional Dialogue looks forward

A key issue for 2007 and beyond is how BPA's low-cost federal base power will be allocated and at what price. The venue that is helping BPA determine that, as well as other issues, is the current "Regional Dialogue."

The Regional Dialogue is a public process aimed at resolving issues that will influence new rates that would take effect in fiscal year 2007, and new long-term contracts as early as fiscal year 2008. BPA launched the next step in mid-July when it began taking public comment on a draft policy.

The heart of the process is a proposed policy that would limit future power sales at the lowest cost-based rate to about the capacity of the existing federal system. Priority one is addressing issues that are critical to the period from 2007 to 2011, and those issues are the main focus of the proposal.

"A key objective is to get early clarity about BPA's load obligations, and those of the region's utilities, to serve the region's power needs in 2007," said Administrator Steve Wright. "It can take substantial time to line up the cost-effective power supply and acquire additional infrastructure. We want to avoid repeating the situation in 2001 when we had to cover a large regional deficit in a matter of months resulting in higher rates for everyone."

In 2001, requests from BPA's customers exceeded BPA's energy supply by over 3,000 megawatts. BPA's efforts to meet the additional demand at a time of skyrocketing market power prices caused rates to rise steeply.

Under the proposal, BPA expects to use contractual and rate mechanisms to limit the loads it serves from its low-cost resources, Wright said. Then utilities will have an option of purchasing any additional power they need at higher rates from BPA or seeking supplies elsewhere. The idea is to increase certainty for the marketplace, thereby encouraging investment in infrastructure.

"This draft decision is built around creating an environment in the region that encourages investment in generating and transmission facilities," Wright said. "Developing needed infrastructure is key to a successful, stable energy future for the region."

BPA expects to have enough energy from the federal power system to meet projected demand until 2011 when current subscription contracts expire. The agency has set a goal of reducing rates from current levels. A schedule for developing new long-term contracts is also included in the proposal.

BPA will accept public comments through Sept. 22. The Regional Dialogue Web site has all the details at <http://www.bpa.gov/power/pl/RegionalDialogue/index.shtml>. The BPA comment Web site is at www.bpa.gov/comment.

Draft Grid West bylaws out for review

BPA is currently seeking public input on the draft set of bylaws developed by the Regional Representatives Group (RRG). The bylaws would govern a proposed Grid West transmission organization, an independent entity that would be established to provide transmission service, plan and expand the transmission grid, and manage the operation of the transmission grid in the Pacific Northwest.

Two sets of bylaws are being proposed. The first will govern the developmental phase of the organization. The second will govern the operation of Grid West, if a decision is made to implement the proposal.

A decision on whether to support the adoption of the bylaws, currently scheduled for Oct. 14, is referred to as Decision Point 1. However, it is not a final decision by



BPA to execute a contract with Grid West; nor is it a decision to activate seating the independent development board.

Decision Point 1, if affirmed, would establish Grid West, but without an independent board and primarily for the purpose of establishing a membership roster. Before reaching a conclusion on whether to support the adoption of the developmental and operational bylaws, BPA is seeking informal customer and other stakeholder feedback on the draft developmental and operational Grid West bylaws from now through Sept. 3. In addition to written comments, BPA is seeking opportunities to discuss the proposed bylaws with, and obtain feedback from, its stakeholders. No formal public meetings are planned.

Customers and constituent groups that would like to meet with BPA staff and/or account executives can go through those AEs or call Tara Exe to arrange a meeting. She's at (503) 230-4169. All groups and members of the public can send their comments to BPA. For more information and to get to the comment line, go to www.bpa.gov/comment.

BPA transmission rates likely to increase

BPA's transmission customers heard the news on July 15 that Transmission Business Line transmission rates could go up on average between 14 and 20 percent during

fiscal years 2006 and 2007. This proposed increase would raise the cost of delivered wholesale power by about 1 percent. The news came as the Transmission Business Line held the first of a series of rate case workshops to discuss rate issues and methodology.

"The projected increase is due to significant reductions in long-term and short-term transmission sales, and debt-service cost increases associated with the transmission infrastructure program," said Dennis Metcalf, rates project manager.

On average, this projected increase equates to between 35 cents and 50 cents per megawatt-hour for service on the network. Rate increases would vary depending on the type of transmission service (network, point-to-point, southern intertie, etc.).

Metcalf cautioned that this current estimate may change based on capital and expense programs being reviewed with customers as part of TBL's "Programs in Review" public involvement process, financing decisions and updates to transmission forecasts and financial models.

All workshops will be held in the Rates Hearing Room at the BPA headquarters building, 911 N.E. 11th Ave., Portland, Ore. Information is available on the transmission Web site at http://www.transmission.bpa.gov/Business/Rates_and_Tariff/.

PUBLIC INVOLVEMENT Updates and Notices

NEW PROJECTS

BPA Public Process for Standards of Conduct (FERC Order 2004-A)

BPA will conduct a public process on its compliance posting in response to the Federal Energy Regulatory Commission's Order 2004-A that defines standards of conduct. SOC governs the relationship between transmission providers (such as the BPA Transmission Business Line) and their power merchant or marketing affiliates (the BPA Power Business Line.)

The public can comment on this filing from Aug. 17 through Aug. 25. BPA will also hold a conference call to discuss the filing on Aug. 18. Please go to the Web site for conference call times and phone numbers. BPA's filing will be posted by Aug. 17 on the TBL Web site, <http://www.transmission.bpa.gov> under *News and Events* and will also be linked from the OASIS. (See *close of comment and calendar of events*.)

Grid West Bylaws – Regionwide

BPA is seeking comments on the proposed Developmental and Operational Grid West Bylaws. (See *article in news section*.) The comment period closes Sept. 3, 2004. Go to the following Web sites for more information http://www.rtowest.com/Doc/DevBylaws_Clean_July72004.pdf and http://www.rtowest.com/Doc/OpBylawsClean_July72004.pdf. The following Web site offers a PowerPoint overview of the bylaws http://www.bpa.gov/corporate/public_affairs/comment.cfm. (See *close of comment*.)

FISH AND WILDLIFE – ONGOING PROJECTS

Grande Ronde and Imnaha Spring Chinook Project EIS – Wallowa and Union counties, Ore.

Fish trapping, incubation, rearing and release hatchery facilities are proposed to help boost spring chinook salmon populations in the Grande Ronde and Imnaha river basins of Northeast Oregon. Planned facilities would modify and augment existing Lower Snake River Compensation Plan facilities. The FEIS is available on CD, in hard copy or online at <http://www.efw.bpa.gov> under links to environmental analysis/planning and active projects. A ROD is scheduled for publication in September 2004.

Reduction in Summer Spill Proposal – Regionwide

The U.S. Army Corps of Engineers and BPA submitted an amended implementation plan to NOAA Fisheries that includes their final plan for reducing summer spill. Suits challenging the summer spill plan were filed against NOAA Fisheries and the Corps of Engineers. When this document went to print, Judge Redden was expected to hear oral arguments July 28 and 29 and to issue his decision on July 30. See <http://salmonrecovery.gov> for more information.

Salmon Creek EIS – Okanogan County, Wash.

BPA proposes to fund a project to enhance fish habitat and passage and to increase instream flows in 4.3 miles of lower Salmon Creek, a tributary of the Okanogan River. The project would rehabilitate the stream channel, revegetate stream banks and increase streamflows. A DEIS is scheduled for release in summer 2004.

South Fork Flathead Watershed/Westslope Cutthroat Trout Conservation Program EIS – Flathead National Forest, Mont.

BPA proposes to fund a project to remove exotic trout species from selected lakes in the South Fork of the Flathead drainage. A DEIS is available for review and comment. The comment period closes

Aug. 20, 2004. Additional information is available at <http://www.efw.bpa.gov/cgi-bin/PSA/NEPA/SUMMARIES/MountainLakesTrout>. (See close of comment.)

POWER – ONGOING PROJECTS

BPA's Power Supply Role After 2006 (Regional Dialogue) – Regionwide

On July 7, 2004, BPA issued its Regional Dialogue policy proposal for public comment. The proposal addresses how BPA will market power and share the costs and benefits of the Federal Columbia River Power System in the Pacific Northwest after 2006. The public comment period closes Sept. 22, 2004. Public meetings have been scheduled throughout the region. (See *calendar of events*.) Additional information is available on BPA's Web site at <http://www.bpa.gov/power/regionaldialogue>. (See close of comment.)

Power Rate Levels for FY 2005 – Regionwide

On Aug. 18, the PBL will hold a workshop to present initial calculations for the Financial-Based Cost Recovery Adjustment Clause and the Safety Net Cost Recovery Adjustment Clause for fiscal year 2005. This workshop will be followed by a public comment period that closes Aug. 27, 2004. More information can be found at www.bpa.gov/power/rates. (See close of comment and *calendar of events*.)

TRANSMISSION – ONGOING PROJECTS

Anderson Ranch 115-kV Rebuild – Elmore County, Idaho

BPA is replacing five wood pole structures located in rough terrain with two steel dead-end towers on the Boise River crossing. The purpose of the rebuild is to maintain line reliability and ensure public safety. All of the aged and decaying wood poles on the remaining portion of the 18-mile line will be replaced with steel poles. Construction began July 2004 and is scheduled to be completed by December 2004. A construction start letter was sent to landowners in June. Additional project information is available on BPA's Web site at http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/default.cfm?page=AR.

BP Cherry Point Cogeneration Project Interconnection EIS – Whatcom County, Wash.

BP West Coast Products LLC has requested interconnection of its proposed 720-MW combustion turbine project at its Cherry Point Refinery near the community of Birch Bay, Wash. The project may require rebuilding an existing single-circuit 230-kV transmission line to double-circuit from Cherry Point to Custer Substation and is subject to Washington state energy facility siting processes. BPA and Washington EFSEC developed a joint SEPA/NEPA DEIS, which was released in September 2003. The comment period for the joint SEPA/NEPA DEIS ended Nov. 3, 2003. The final EIS is scheduled for release in September 2004. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information.

COB Energy Facility Interconnect EIS – Klamath County, Ore.

Peoples Energy Resources Corp. has requested interconnection of its proposed 1,200-MW combustion turbine project at a site near Bonanza in Klamath County, Ore. The project would require a new 500-kV transmission line to BPA's Captain Jack Substation. The project is subject to Oregon Energy Facility Siting Council certification. The DEIS was released for public review in November 2003, and the comment period ended Feb. 13, 2004. Public meetings were held Jan. 22, 2004, in conjunction with Oregon EFSC hearings. The FEIS was released in June 2004. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information.

Grand Coulee-Bell 500-kV Transmission Line – Spokane and Lincoln counties, Wash.

Construction is under way on the rebuilding of 84 miles of an existing 115-kV wood-pole transmission line with a new, higher capacity 500-kV steel lattice line. The transmission line corridor between the Grand Coulee and Bell substations currently contains two 115-kV transmission lines on two wood-pole structures and three 230-kV transmission lines on two steel lattice structures. The existing transmission lines cannot reliably move power from existing generation sources east of Spokane to the west. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information and construction photos.

Hanford Reach National Monument CCP/EIS – Benton, Franklin and Grant counties, Wash.

BPA is participating as a cooperating agency in a land management planning process led by the U.S. Fish and Wildlife Service. The USFWS seeks to develop a comprehensive conservation plan as required by the Refuge System Improvement Act of 1997. BPA is providing information and writing sections of the plan that pertain to transmission facilities, roads, energy facilities and river flow management within the monument. A DEIS is scheduled for release in 2004.

Nisqually Transmission Line Relocation Project EA – Thurston County, Wash.

BPA is proposing to relocate two miles of transmission line corridor off the Nisqually Indian Reservation in Thurston County, Wash. BPA has an existing transmission line corridor across the reservation and a portion of the Fort Lewis military base just north of State Route 510. This corridor contains two transmission lines: the Olympia-Grand Coulee 287-kV line and the Olympia-South Tacoma 230-kV line. This relocation is being proposed because the 50-year easement for one of the lines on the reservation has expired. Public scoping meetings were held Oct. 21 and Oct. 22, 2003. BPA is developing a preliminary EA scheduled for release fall 2004 and the final EA is scheduled for release winter 2004. The scoping comment period ended Nov. 21, 2003. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information.

McNary-John Day 500-kV Transmission Line – Various counties in Wash. and Ore.

TBL hosted public meetings July 7 and 26 to review the process and schedule for the "open season" to seek funding for the McNary-John Day project. TBL invited applicants to submit transmission service requests that require, in aggregate, sufficient flow crossing the West of McNary/West of Slatt paths to enable the TBL to proceed with construction of the McNary-John Day 500-kilovolt line project. This 79-mile-long project was placed on hold in late 2002 due to lack of funding. Applicants were invited to submit transmission service requests by July 30. Applications are under review during August to determine if there is sufficient interest to move the project forward. Further information will be provided on the Web site at http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/default.cfm?page=MJD.

Notice of Request for Offers and Awards – Regionwide

BPA issued a Notice of Request for Offers and Awards for nonwires demonstration pilot projects to defer transmission construction. The submission period closes Aug. 19, 2004. Find details on the Web site at http://www.bpa.gov/Energy/N/Projects/Non_Wires/. Contact Vasia Polizos at (503) 230-4164 or e-mail Polizos at vpolizos@bpa.gov.

Programs in Review – Regionwide

TBL has completed seven Programs in Review meetings throughout the region. These meetings were held to discuss TBL proposed program levels for 2006 and 2007. Customers also requested additional technical workshops to review debt optimization and corporate spending levels. A workshop on debt optimization and financing alternatives will be held in Portland on Aug. 5 and one focusing on corporate spending levels will be held in Vancouver on Aug. 25. Visit the Web site at http://www.transmission.bpa.gov/Business/Customer_Forum_and_Feedback/Programs_in_Review/pir2004.cfm for additional information.

Raymond-Cosmopolis 115-kV Transmission Line EA – Grays Harbor and Pacific counties, Wash.

BPA is rebuilding an existing 115-kV transmission line between Raymond and Cosmopolis, roughly parallel to Highway 101. Most of the 18-mile-long line will remain in the existing right-of-way. The preliminary EA was released for public review in February. Public meetings were held in February and the comment period ended Feb. 26, 2003. The final EA and FONSI were released Sept. 5, 2003. Line construction began in June 2004 and will be completed by November 2004. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information.

Schultz-Wautoma Area 500-kV Line Project – near Ellensburg to near the Hanford Reservation, Wash.

BPA is building a new 500-kV line from Schultz Substation to the new Wautoma Substation southwest of the Hanford Monument. A FEIS was released in February 2003. The ROD was released in March

2003. Construction on the new Wautoma Substation began May 5, 2003, and is halfway complete. Construction of the Sickler-Schultz portion of the line began February 2004. Fiber construction began in late January 2004. The project will be completed by November 2005. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information and construction photos.

SnoKing Tap to Monroe-Echo Lake Project – Snohomish County, Wash.

This project allowed BPA's existing 500-kV SnoKing Tap to Monroe-Sammamish 230-kV transmission line to be reconnected to the Monroe-Echo Lake 500-kV transmission line as part of several projects known as the Puget Sound Area Additions. The SnoKing Tap to Monroe-Echo Lake 500-kV transmission line was energized to 500-kV Sept. 29, 2003. The original transmission line was constructed in the 1970s as a 500-kV line but had been operated at 230-kV until recently. An increase in ambient noise levels was anticipated but the level of concern from area residents along the transmission line and in the vicinity of the SnoKing Substation was not. BPA held five public meetings and plans to hold a final meeting in summer 2004, to respond to public concern about the noise increase and to discuss solutions. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information.

Transmission Rate Case Workshops

BPA's TBL is holding several rate case workshops in Portland as part of its process to develop its transmission rates for fiscal years 2006 and 2007. The next workshops are planned. For more information, see this Web site http://www.transmission.bpa.gov/Business/Rates_and_Tariff/default.cfm?page=2006RC. (See calendar of events.)

Wanapa Energy Center Generation Project EIS – Umatilla County, Ore.

The Confederated Tribes of the Umatilla Indian Reservation requested interconnection of the Wanapa Energy Center, a proposed 1,300-MW gas-fired combined-cycle combustion turbine project, into the transmission grid. The project would be located on tribal trust land. The Bureau of Indian Affairs released the DEIS in October 2003. BPA is participating as a cooperating agency. Two public meetings were held in December 2003. The comment period ended Dec. 29, 2003. An FEIS is scheduled for August 2004, with a ROD to follow. See <http://www2.transmission.bpa.gov/PlanProj/> for more information.

SUPPLEMENT ANALYSES

- SA-149 Idaho Model Watershed Habitat Projects – Rocky Mountain Ranch River Fence. Custer County, Idaho.
- SA-150 Idaho Model Watershed Habitat Projects – Dowton Ellis Creek Riparian Fence. Custer County, Idaho.
- SA-151 Idaho Model Watershed Habitat Projects – Arrow A-Jay Neider Ranch River Fence. Custer County, Idaho.
- SA-152 Idaho Model Watershed Habitat Projects – Zeigler Riparian Fence Phase II. Custer County, Idaho.
- SA-153 Yakima Tributary Access and Habitat Program – Cowiche Creek Pump Screens. Yakima County, Wash.
- SA-154 Idaho Model Watershed Habitat Projects – Bauchman (Ives Place) Riparian Fence. Custer County, Idaho.
- SA-155 Blind Slough Restoration Project. Clatsop County, Ore.
- SA-156 Upper Salmon River Anadromous Fish Passage Improvement Projects. Lemhi County, Idaho.
- SA-157 Protect and Restore the Big Canyon Creek Watershed. Nez Perce County, Idaho.
- SA-158 Idaho Model Watershed Habitat Projects – Twelvemile Creek Pipeline. Lemhi County, Idaho.
- SA-159 Pine Hollow Watershed Enhancement – Jackknife Watershed Projects. Sherman County, Ore.

- SA-160 Protect and Restore the Lapwai Creek Watershed. Nez Perce and Lewis Counties, Idaho.

Watershed Management Program EIS:

- SA-40 Protect & Restore Wildlife Habitat Coeur d'Alene Tribe – Hangman Acquisitions (2 parcels). Benewah County, Idaho

System Operation Review EIS:

- SA-2 2004 Federal Columbia River Power System Juvenile Bypass Operations. Lower Columbia and Snake rivers.

Vegetation Management EIS:

- SA-220 Misc. Trees-Bell District. Northern Idaho and Western Wash.
- SA-219 Libby-Bonner Ferry #1. Lincoln County, Mont.
- SA-218 Bonners Ferry. Troy Corridor, Boundary County, Idaho and Lincoln County, Mont.
- SA-217 Mt. Hebo Microwave Site. Yamhill County, Ore.
- SA-216 Creston-Bell Corridor. Lincoln and Spokane County, Wash.

CALENDAR OF EVENTS

Programs in Review Technical Workshops

- Aug 5, 9 to 11:30 a.m., Rates Hearing Room, 911 N.E. 11th Ave., Portland, Ore.
- Aug 25, 9 a.m. to 1 p.m., 7600 N.E. 41st, Room 301, Vancouver, Wash.

Transmission Rates Case Workshops

- Aug. 5, 12:30 to 4 p.m., Rates Hearing Room, 911 N.E. 11th Ave., Portland, Ore.
- Aug. 26, 9 a.m. to 4 p.m., Rates Hearing Room, 911 N.E. 11th Ave., Portland, Ore.
- Sept. 16, 9 a.m. to 4 p.m., Rates Hearing Room, 911 N.E. 11th Ave., Portland, Ore.

Regional Dialogue Public Meetings

- Aug. 17, 6 to 8 p.m., Mountaineers Headquarters, Olympus Room, 300 Third Ave. West, Seattle, Wash.
- Aug. 19, 6:30 to 8:30 p.m., Eugene Water & Electric Board, 500 East 4th Ave., Eugene, Ore.
- Aug. 26, 6 to 8 p.m., Airport Ramada Inn, 8909 Airport Rd., Spokane, Wash.
- Aug. 31, 6 to 8 p.m., Boise Centre on the Grove, 850 W. Front St., Boise, Idaho
- Sept. 9, 6 to 8 p.m., East Portland Community Center, 740 S.E. 106th Ave., Portland, Ore.
- Sept. 15, 5 to 7 p.m., WestCoast Kalispell Center Hotel, 20 North Main St., Kalispell, Mont.

Power Rate Levels for FY 2005 Workshop

- Aug. 18, 9 a.m., 911 N.E. 11th Ave., Portland, Ore.

Standards of Conduct (FERC Order 2004-A) Conference Call

- Aug. 18 (See Web site for times and telephone numbers.)

Energizing the Northwest — Today and Tomorrow

DoubleTree Hotel Jantzen Beach, Portland, Ore.

Sept. 28, 7:30 to 5 p.m., Sept. 29, 7:30 to 2:30 p.m.

For more information see our Web site at <http://www.bpa.gov>, or call Jennifer Eskil at (509) 527-6232

CLOSE OF COMMENT

- Aug. 20 – South Fork Flathead Watershed/Westslope Cutthroat Trout Conservation Program DEIS
- Aug. 25 – Standards of Conduct (FERC Order 2004-A)
- Aug. 27 – Power Rate Levels for FY 2005
- Sept. 3 – Grid West Bylaws
- Sept. 22 – BPA's Power Supply Role After 2006 (Regional Dialogue)

If you have questions or comments, or you want to be added to the mailing list for any project, call (503) 230-3478 (Portland) or 1-800-622-4519.

To order copies of documents, call: 1-800-622-4520 or (503) 230-7334. Written comments may be sent to: BPA, P.O. Box 14428, Portland, OR 97293-4428. E-mail address: comment@BPA.gov. BPA home page: <http://www.bpa.gov>. For details on BPA environmental reviews listed above, including site maps and documents issued to date, see <http://www.efw.bpa.gov/cgi-bin/PSA/NEPA/Projects>. **Process Abbreviations:** EA-Environmental Assessment, EFSEC-Washington Energy Facility Site Evaluation Council, EFSC-Oregon Energy Facility Siting Council, EIS-Environmental Impact Statement, DEIS-Draft Environmental Impact Statement, FEIS-Final Environmental Impact Statement, FONSI-Finding of No Significant Impact, NOI-Notice of Intent, ROD-Record of Decision, SA-Supplement Analysis.

